

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

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UNITED STATES OF AMERICA, . Case No. 1:12-cr-043
Plaintiff, . *Excerpt from Proceedings*
- v - . *Change of Plea*
TRACY BIAS, et al., . Friday, June 7, 2013
Defendants. . Cincinnati, Ohio
11:40 a.m.
.....

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE MICHAEL R. BARRETT

For the Plaintiff: TIMOTHY D. OAKLEY, ESQ. (AUSA)
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For the Defendant: JOHN T. KELLER, ESQ.
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Also Present: Special Agent Brian Carroll, FBI
Agent Christopher Kresnak, DEA

Courtroom Deputy: Barbara A. Crum

Court Reporter: Maryann T. Maffia, RDR
239 Potter Stewart U.S. Courthouse
100 E. Fifth Street
Cincinnati, Ohio 45202

P R O C E E D I N G S

* * *

THE COURT: Agent, if you would just state your full name and spell your last time for the record, give us your duty assignment and then the facts, I'd appreciate it. You can work from the table if you wish.

AGENT CARROLL: Thank you, Your Honor.

Brian Carrolll, C-A-R-R-O-L-L, Special Agent with the F.B.I. assigned to the Portsmouth, Ohio, resident agency.

Beginning in on or about February 5, 2009, and continuing up to and including June 6, 2012, within the Southern District of Ohio and elsewhere, the defendant, Tracy Bias, along with others known and unknown to the grand jury, did knowingly, intentionally and unlawfully combine, conspire, confederate, and agree, together with others known and unknown to the grand jury, to knowingly, intentionally and unlawfully distribute and dispense a mixture and substance containing a detectable amount of diazepam, hydrocodone, oxycodone, and alprazolam not for a legitimate medical purpose and outside the scope of medical practice, in violation of Title 21 United States Code Section 841(a)(1) and 846.

Tracy Bias agrees that during the course and in furtherance of the conspiracy he co-owned and operated Southern Ohio Complete Pain Management, SOCPM, located at 1219 Findlay Street in Portsmouth, Ohio, and was co-owner in

1 Portsmouth Medical Solutions, PMS, located at 1405 Eleventh
2 Street in Portsmouth, Ohio.

3 During the course and in furtherance of the conspiracy,
4 Tracy Bias and others would secure doctors for brief periods
5 of time, ranging from one day to several years, through what
6 are known as *locum tenens* or temporary service contracts to
7 prescribe pain medication for patients at SOCPM and PMS.

8 During the course and in furtherance of the conspiracy,
9 these physicians would examine approximately 30 or more
10 patients a day. As part of the conspiracy and as a means to
11 avoid scrutiny by police, when the number of patients at one
12 of the clinics exceeded 30 patients, Bias and other owners
13 would open another clinic.

14 Tracy Bias would charge each patient cash amounts that
15 started at approximately \$200 per office visit. Bias and the
16 other owners would not accept any patient would did not pay
17 for the visit with cash. Neither Bias nor the other owners
18 would refund any money to a patient who did not receive
19 service from the doctor.

20 During the course and in furtherance of the conspiracy,
21 Tracy Bias would replace physicians who left the clinic as
22 rapidly as possible with another physician through a temporary
23 service.

24 During and in the course of the conspiracy, Steve Hillman
25 would direct Tracy Bias to continue to use a physician to

1 write prescriptions for controlled substances despite having
2 actual knowledge that the physician in question did not have a
3 valid DEA registration number and, therefore, was prohibited
4 by law to write those prescriptions, the purpose of this being
5 to generate cash into the clinic from the customers.

6 During the course and in furtherance, Bias and others
7 became aware that a vast number of SOCPM and PMS patients were
8 drug addicts. The physicians and untrained medical staff at
9 SOCPM and PMS continued the practice of not conducting any
10 meaningful examination of these patients to determine if there
11 existed any legitimate medical need or purpose for the
12 prescription of controlled substances.

13 The physicians at SOCPM and PMS continued the practice of
14 prescribing the same cocktail of drugs to each patient
15 forgoing the standard of individualized treatment. The
16 physicians rarely, if ever, counseled these patients regarding
17 alternative treatments such as physical therapy, psychological
18 or addiction counseling, surgery or any other treatment for
19 patients' pain instead of high levels of narcotics.

20 Moreover, during the course and in furtherance of the
21 conspiracy, the physicians knowingly caused or had a
22 reasonable expectation of addiction by these patients thereby
23 requiring the patients to return regularly to SOCP and PMS to
24 obtain these controlled substances and ensuring their payment
25 of SOCPM and PMS's office visit fees.

1 In addition, SOCPM and PMS would request urine screens
2 from patients and ignore the results of test findings. SOCPM
3 and PMS would administer these urine tests for the purpose of
4 disguising the lack of any legitimate medical purpose for the
5 prescription, dispensing, or distribution of controlled
6 substances.

7 During the course and in furtherance of the conspiracy,
8 SOCPM and PMS frequently issued prescriptions for narcotics,
9 including but not limited to diazepam, hydrocodone, oxycodone
10 and alprazolam to patients despite obvious indications, red
11 flags, that such patients were abusing, misusing and
12 distributing the controlled substances prescribed.

13 The doctors at SOCPM and PMS prescribed excessive amounts
14 of controlled substances including but not limited to
15 hydrocodone, oxycodone and alprazolam with the knowledge and
16 understanding or having a reasonable cause to believe that
17 these controlled substances were being further distributed by
18 the conspirator customers due to the high cost in cash
19 required for the office visit and obtaining of the controlled
20 substances.

21 Tracy Bias and others known to the grand jury distributed
22 and dispensed and, as an owner of the clinic, did aid and abet
23 the distribution and dispensing of controlled substances
24 including but not limited to diazepam, hydrocodone, oxycodone
25 and alprazolam and, as a result of those pill clinic

1 operations, Tracy Bias and other co-conspirators obtained
2 substantial income and resources from their illegal
3 distribution of controlled substances, all in the Southern
4 District of Ohio.

5 Further, Tracy Bias provided equipment and received
6 regular payment from Trinity from the proceeds from the
7 operation.

8 It was further part of the conspiracy that Bias, due to
9 the fact that local pharmacies refused to honor prescriptions
10 written by doctors of SOCPM and PMS, understood that the
11 doctors at SOCPM and PMS opened a dispensary in each of these
12 clinics to distribute pain medications and other controlled
13 substances to customers, funded at least one of these doctors
14 to purchase medication to open those dispensaries.

15 It was further part of the conspiracy that the doctors
16 then applied for a license from the State of Ohio to operate
17 the dispensaries. Bias, Journey and Hillman were aware that
18 the license application was denied by the State of Ohio. It
19 was further part of the conspiracy that these dispensaries
20 would operate and provide controlled substances to customers
21 despite being without a license from the State of Ohio to do
22 so.

23 It was further part of the conspiracy that when local
24 pharmacies would not honor prescriptions written by the Bias
25 clinics in Portsmouth, Tracy Bias, Steven Hillman and others

1 entered into an agreement to open their own pharmacy,
2 Physicians Pharmacy, in Piketon, Ohio. The purpose of the
3 pharmacy was to only fill prescriptions written by Bias
4 clinics, including SOCPM and PMS, as well as other pain
5 clinics throughout the country, thus allowing Bias and Hillman
6 to continue to make hundreds of thousands of dollars from this
7 operation.

8 It was further part of the conspiracy that Tracy Bias did
9 provide approximately \$212,000 in cash derived from the
10 operation of the pain clinics to Hillman with the purpose to
11 provide operating capital for Physicians Pharmacy. Hillman
12 was aware of the source of the cash. Hillman and others were
13 listed as the owners of the pharmacy. Bias was not named as
14 an owner due to his criminal background.

15 It was further part of the conspiracy that Hillman and
16 others would find the building they wanted to use in Piketon,
17 Ohio. As part of the conspiracy, Tracy Bias went to the
18 building with Steve Hillman and inspected the property that he
19 was funding.

20 It was further part of the conspiracy that the purpose of
21 Physicians Pharmacy was to operate as a distribution point for
22 pain medication and other controlled substances from clinics
23 with Tracy Bias as the listed owner, and others, thus making
24 Bias and Hillman millions of dollars in income from the
25 distribution of pills.

1 I have read the above Statement of Facts with my attorney.
2 I agree to the accuracy of the Statement of Facts and
3 acknowledge the truth of the Statement of Facts as detailed
4 above.

5 It's signed by Tracy Bias, the defendant.

6 THE COURT: Tracy, is that your signature there above
7 your line?

8 THE DEFENDANT: Yes, sir, it is.

9 THE COURT: And did you sign that because what was
10 just read in open court was true?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: Is it wrong or incorrect in way?

13 THE DEFENDANT: Well, they's a couple of things on
14 there Peter Link, the attorney, told me that I would have a
15 chance to explain.

16 Well, I can't find it right off the top, but it was about
17 the part that where Steve Hillman directed me to use doctors
18 knowing that their DEA license was expired.

19 THE COURT: Hang on a second. I don't remember it
20 being quite said like that.

21 MR. KELLER: I may be able to find it. Just a
22 minute.

23 THE COURT: It says that you, Journey and Hillman
24 were aware of the application was denied and that the
25 dispensaries would operate and provide controlled substances

1 without a license from the State of Ohio.

2 Is that the part you're talking about?

3 THE DEFENDANT: No, sir.

4 MR. OAKLEY: It's page 9, Your Honor, and page 2 of
5 the Statement of Facts.

6 MR. KELLER: Page what?

7 MR. OAKLEY: Page 9.

8 COURTROOM DEPUTY: It's the fourth paragraph down.

9 THE COURT: Which one?

10 COURTROOM DEPUTY: The fourth paragraph, page 9 of
11 the Statement of Facts, fourth paragraph.

12 THE COURT: So it says you and Hillman would use
13 physicians despite having actual knowledge that they did not
14 have DEA registration numbers. That's the one?

15 THE DEFENDANT: Yes, sir.

16 THE COURT: Okay. What about that?

17 THE DEFENDANT: Okay. We did not know that the
18 doctor's DEA registration was expired.

19 THE COURT: Okay.

20 THE DEFENDANT: But other than that, everything else
21 is pretty well true. We became aware. That is the last day
22 that that doctor worked.

23 MR. OAKLEY: This results from a phone call from the
24 DEA to the clinic about that doctor where it was discussed
25 that his registration had expired, led to several phone calls,

1 but Mr. Bias was notified, along with Mr. Hillman, that that
2 doctor during the day had an expired registration, and they
3 continued to be open that day.

4 THE COURT: Well, irrespective of that fact, let's
5 just suppose that paragraph was stricken, there are still
6 sufficient facts in here for a conviction of Count One of the
7 conspiracy; correct?

8 MR. OAKLEY: Yes.

9 THE COURT: Do you agree with that?

10 THE DEFENDANT: Yes, sir.

11 THE COURT: Okay. So you are offering to plead
12 guilty to Count One of the Superseding Indictment because you
13 did commit the case as set forth in the Plea Agreement and the
14 findings of facts other than that one reservation?

15 THE DEFENDANT: Yes, sir.

16 THE COURT: Okay.

17 In light of all the discussions we've had about the Plea
18 Agreement, the possible outcomes of the case and your
19 constitutional rights, I'll ask you for last time, Tracy: How
20 do you wish to plead to the charge in Count One of the
21 Superseding Indictment, guilty or not guilty?

22 THE DEFENDANT: Guilty, Your Honor.

23 * * *

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C E R T I F I C A T E

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM
THE RECORD OF PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

S/MARYANN T. MAFFIA, RDR

Official Court Reporter